



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 9/28/2001

GAIN Report #KS1058

Korea, Republic of

Grain and Feed

Update of Rice PS&D

2001

Approved by: **Michael Henney**
U.S. Embassy, Seoul

Prepared by: Sunchul Choi

Report Highlights:

Korea has raised its official 2001 rice crop forecast to 5.4 MMT, recording a fourth straight year of bumper production. Market prices have tumbled with the government announcement, leading to a flurry of official measures to prop up the market including the first effort at de-linking markets and government procurement prices. With the large crop, ending stock levels are forecast to reach 1.6 MMT. Unless reduced through donations or exports, such stock levels would have a negative longer-term impact on the Korean rice market.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Seoul [KS1], KS

PSD Table						
Country	Korea, Republic of					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
Area Harvested	1066	1066	1072	1072	1072	1072
Beginning Stocks	767	767	1051	1051	1270	1270
Milled Production	5263	5263	5291	5291	5200	5400
Rough Production	7066	7066	7197	7197	7000	7269
MILLING RATE (.9999)	7448	7448	7352	7352	7429	7429
TOTAL Imports	141	141	128	128	154	154
Jan-Dec Imports	141	141	128	128	154	154
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	6171	6171	6470	6470	6624	6824
TOTAL Exports	0	0	0	0	0	0
Jan-Dec Exports	0	0	0	0	0	0
TOTAL Dom. Consumption	5120	5120	5200	5200	5200	5200
Ending Stocks	1051	1051	1270	1270	1424	1624
TOTAL DISTRIBUTION	6171	6171	6470	6470	6624	6824

Based on the annual September 15 crop survey, the Ministry of Agriculture and Forestry (MAF) has revised its 2001 rice crop estimate to 5.4 MMT, or 2.7 percent larger than their recent estimate of 5.26 MMT. With the increase in production, the MY 2001/02 ending stock is increased to 1.6 MMT.

In CY 2001, the National Assembly established the official procurement price for the government's rice purchasing program at 104 percent of the CY 2000 price (2,097 won per Kg). Taking into account the 2001 Aggregate Measurement of Support (AMS) allowance allotted for rice, MAF calculates it can purchase 828,000 MT at the official procurement price. However, with a bumper crop and with a projected large ending inventory, MAF is undertaking alternative measures to relieve pressure on the current market. Government procurement of rice in excess of the amount calculated under the Korean government imposed AMS allotment for the rice sector is a distinct probability.

Measures already announced to stabilize the rice market involve financial support programs for rice millers to purchase 792,000 MT, and for the National Agricultural Cooperative Federation (NACF) to purchase 576,000 MT. Under the support program rice millers would have access to agricultural policy funds holding a loan rate of 3 percent per annum (previous rate was 5 percent). Meanwhile, the NACF would operate a program to purchase at the government established price then sell at the going market price. The government would offset any loss incurred if the sell price fell below the purchase price.

KOREA: Rice Acreage, Yield, And Production

KOREA: Rice Acreage, Yield, And Production (Milled Basis)			
Crop Year	Acreage (1,000 HA)	Yield (Kg/HA)	Production (1,000 MT)
1997	1,052	5,180	5,449
1998	1,059	4,814	5,097
1999	1,066	4,937	5,263
2000	1,072	4,936	5,291
2001a/	1,083	4,986	5,400

a/ Ministry of Agriculture and Forestry's estimate.

Source: Ministry of Agriculture and Forestry (MAF)

KOREA: Government Program for Rice Purchases

KOREA: Government Program for Rice Purchases				
Crop Year	Production (1,000 MT)	Purchase (1,000MT)	Price a/ (Korean Won/Kg)	Released Price a/ (Korean Won/Kg)
1996	5,323	1,267	1,725	1,562
1997	5,449	1,224	1,725	1,650
1998	5,097	928	1,818	1,815
1999	5,263	876	1,911	1,963
2000	5,262	906	2,016	NA
2001 b/	5,400	828	2,097	NA

a/ #1 grade

b/ Projection

Source: Ministry of Agriculture and Forestry (MAF)